

**CANADA MALTING CO.
LIMITED**



Annual Report



For the Year Ending December 31, 1942

PURVIS HALL
LIBRARIES

JAN 9 1946

McGILL UNIVERSITY

Board of Directors

Geo. Bailey

John P. Heighton

Eric S. Clarke

Walter C. Laidlaw

J. E. Grant

Arnold C. Matthews

H. C. Hatch

L. M. McCarthy

C. H. S. Michie



Executive Officers

ARNOLD C. MATTHEWS - - - - - *President*

H. C. HATCH - - - - - - *Vice-President*

ERIC S. CLARKE - - - - - *Managing-Director*

JOHN P. HEIGHTON - - - *Secretary and Treasurer*

Report of the Directors to the Shareholders of
CANADA MALTING CO., LIMITED
For the Fiscal Year ended December 31, 1942

Your Directors submit herewith the Balance Sheet and Profit and Loss Statement, as certified by your Company's Auditors, Messrs. Price, Waterhouse & Co., for the year ended December 31, 1942.

The operations of the Company have resulted in a net profit of \$550,022.80, compared with \$608,404.53 in 1941. You will note that this is after taking an Inventory Reserve, which was deemed advisable, as, notwithstanding the fact that Canada harvested the largest barley crop in its history and current stocks are very great, barley is being quoted at the ceiling price. This condition is due to abnormal demands for feed in Canada, and sales of both feed and malting barley in the United States.

Depreciation Reserve on your plants and properties has been set for 1942 at \$268,627.83, which addition to the accumulated reserve is considered adequate.

The provision for Income and Excess Profits Taxes (including Refundable Portion of Excess Profits Tax amounting to \$51,500.00) equals \$830,000.00. This compares with \$493,260.00 in 1941.

Production in 1942 was up to capacity, and shipments of malt during the twelve months' period were the highest on record.

Due to the requirements of malt for war industries, the proportion of output used for this purpose was materially increased, and this trend is continuing.

Recent Government restrictions affecting the Brewing Industry have meant a curtailment of this market for malt; however, the increased quantities going into war materials and food products, together with the possible export markets, will, it is expected, provide a satisfactory volume of business during the current year.

All your properties have been maintained in first-class condition, and Capital Expenditures have been kept to a minimum, only a negligible amount being spent in this regard.

The net working capital is approximately \$4,315,000.00, and the ratio of assets to liabilities has been maintained at approximately 6 to 1.

Your Board wishes to record its appreciation of the loyalty, co-operation and efficient efforts of all employees of the Company.

Respectfully submitted on behalf of the Directors.

ARNOLD C. MATTHEWS,
President.

CANADA MALTING CO.

Balance Sheet, December 31, 1942

ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$	36,297.52	
Investment in marketable securities, at cost		1,568,906.97	
(Market value \$1,408,034.00)			
Accounts receivable, less reserve		466,580.31	
Inventories, as determined and certified to by responsible officers of the company:			
Malt, barley, etc.—on the basis of the lower of approximate cost or market, less reserve		\$2,939,727.13	
Coal, bags, etc.—on the basis of cost		180,971.85	3,120,698.98
			<u>\$5,192,483.78</u>

DOMINION OF CANADA BONDS, at cost: Deposited with Department of National Revenue		4,311.54	
--	--	----------	--

REFUNDABLE PORTION OF EXCESS PROFITS TAX		51,500.00	
--	--	-----------	--

GRAIN EXCHANGE SEATS AND MEMBERSHIP IN CLEARING HOUSE, at cost		16,700.00	
--	--	-----------	--

DEFERRED CHARGES:

Prepaid taxes, insurance, etc.	\$	39,180.91	
Machinery repair parts and office supplies		9,000.00	
			<u>48,180.91</u>

FIXED ASSETS, based on appraised depreciated values, as reported by Canadian Appraisal Company Limited as at June 25, 1927, plus subsequent additions at cost:

Land	\$	242,532.81	
Buildings		\$2,996,483.32	
Plant and equipment		2,437,157.49	
			<u>\$5,433,640.81</u>
Less—Reserve for depreciation		2,810,137.64	2,623,503.17
			<u>2,866,035.98</u>
			<u><u>\$8,179,212.21</u></u>

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the books and accounts of Canada Malting Co., Limited, and the information and explanations which we have required; and we report that, in our correct view of the state of the company's affairs as at December 31, 1942, according to the books of the company.

TORONTO, March 5, 1943.

NG CO., LIMITED

December 31st, 1942

LIABILITIES

CURRENT LIABILITIES:

Bank advances (secured)	\$ 96,307.43
Accounts payable and accrued liabilities	227,713.15
Reserve for income, excess profits and other taxes	553,934.44
	<u>\$ 877,955.02</u>

RESERVE AGAINST FUTURE DEPRECIATION IN INVENTORY VALUES	200,000.00
--	------------

CAPITAL AND SURPLUS:

Capital Stock—	
Represented by 198,972 shares with-	
out nominal or par value	\$4,441,960.00
(Authorized 200,000 shares)	
Capital surplus (no change during the	
year)	797,676.01
	<u>\$5,239,636.01</u>
Earned surplus (as per statement attached)	1,810,121.18
Refundable portion of excess profits tax	51,500.00
	<u>7,101,257.19</u>

Approved on behalf of the Board:

ERIC S. CLARKE, Director.

JOHN P. HEIGHTON, Director.

\$8,179,212.21

for the year ending December 31, 1942, and have been furnished with all the opinion, the above balance sheet is properly drawn up so as to exhibit a true and to the best of our information and the explanations given to us, and as shown by

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

CANADA MALTING CO., LIMITED

Statement of Profit and Loss and Earned Surplus for the Year Ending December 31, 1942



PROFIT AND LOSS

Particulars	Amount
Profit from operations for the year after charging all manufacturing, selling and general expenses, and after setting aside \$200,000.00 against future depreciation in inventory values, but before providing for the under-noted charges	\$1,637,724.62
Deduct—	
Directors' fees	\$ 2,500.00
Total amount paid or provided as counsel and solicitors' fees, and remuneration and fees of executive officers and directors who hold salaried positions in the company	55,810.00
Operating Profit for the year, before providing for depreciation of buildings, plant and equipment and income and excess profits taxes	\$1,579,414.62
Deduct— Provision for depreciation of buildings, plant and equipment	268,627.83
	\$1,310,786.79
Deduct— Provision for Dominion income and excess profits taxes (before deducting refundable portion of excess profits tax—\$51,500.00)	830,000.00
	\$ 480,786.79
Add— Income from investments, etc.	69,236.01
Net Profit for year ending December 31, 1942, carried to Earned Surplus	\$ 550,022.80

EARNED SURPLUS

Balance as at December 31, 1941	\$1,757,528.38
Add—	
Net profit for the year ending December 31, 1942	\$550,022.80
Deduct— Dividends paid	497,430.00
	52,592.80
Balance as at December 31, 1942	\$1,810,121.18

